

## ***Roll With the Dough***

Erasto Bobet always knew that, someday, he would own a business. Being the youngest of twelve children, he learned at a very tender age that sacrifice and perseverance help lead us to our dreams.

During his teenage years he began working as a janitor at a bakery in Ponce, his hometown. His efforts and hard work did not go by unnoticed, and he was soon promoted to baker. Entering his twenties in 1966, he moved on to work as a baker for Ara Service Bakery --a concession at the Catholic University of Puerto Rico-- earning management experience, as well. In 1972, Erasto moved on to administer the University of Puerto Rico cafeteria. Four years later, with the support of partner Juan Vélez, Erasto founded Ponciana Bakery in Sabanetas, Ponce. After six months, however, and with only two additional employees, Erasto bought Juan's share of the business to become sole proprietor.

In 1978 Erasto acquired the property. By that time, the bakery already had ten employees. One year later, the entrepreneur created the corporation of Panadería y Repostería Ponciana, Inc. and, seeing that the business was becoming quite successful, he decided to remodel, creating a modern bakery and expanding its services. Soon after, Ponciana Bakery began offering breakfast and lunches, as well as deliveries to cafeterias and restaurants.

Fifteen years after being incorporated, Ponciana Bakery branched out to Punto Oro in the western region of Ponce. At the time, the store in Sabaneta had 35 employees and the Punto Oro location 15 employees.

During 1994, Erasto's daughter Vanessa assumed a manager's position at the second location, but four years later her experience in sales and as a supervisor returned her to Ponciana Bakery in Sabanetas as administrator.

It was while managing the store at Punto Oro that Vanessa met Rurico Rivera. Rurico had already worked at a bakery while going for his degree in Political Sciences from the University of Puerto Rico. In 1994 he joined Ponciana bakery as

supervisor in Punto Oro and two years later assumed the responsibilities of building maintenance and production manager. Last year, Rurico and his wife Vanessa purchased the store in Sabanetas. Erasto remains on the Board of Directors and consultant to the Corporation.



From l-r: Erasto Bobet, Vanessa Bobet and Rurico Rivera.

In 1999, with two SBA guaranteed loans and the assistance of the Small Business Development Center-Ponce Region, the three entrepreneurs remodeled the bakeries and purchased a 12,000 square feet building from the Puerto Rico Industrial Development Company. At this new location, they founded Best Baking Enterprise, Inc. and are manufacturing frozen bakery products. Soon, the family hopes to export products to other markets in Latin America.

On February 8, 2001 Ponciana Bakery celebrated its 25<sup>th</sup> anniversary. It currently has 50 employees and continues to expand. Throughout the years, the business has been known for its quality products and services. Since 1999 it has supplied bakery products to Amigo Supermarkets, one of the largest supermarket chains on the Island and, thanks to the help from the SBA, it has grown from \$1.4 million to \$1.9 million in only two years.

Last year, the team of Erasto, Vanessa and Rurico were bestowed the District's Small Business Person of the Year Award. If you'd like to learn more about the family business, visit their Web site at [www.ponciana.com](http://www.ponciana.com).

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## SBA Enhances *Express* Loan Programs

New changes to the *SBAExpress* and *ExportExpress* loan programs are helping expand the number of participating lenders and increasing access to capital for small businesses.

In particular, the SBA has implemented program modifications that allow an estimated 2,400 lenders already delivering other SBA loan products to participate in the *SBAExpress* program. Many of these are small and rural lenders that serve small businesses in remote areas. As an additional measure, the SBA has opened up the program to other lenders across the country experienced in small business lending but that have not participated with SBA.

Lenders may use their own forms and processes to approve loans guaranteed by SBA, a key feature of the program. Minimal paperwork is required for the SBA, and the agency generally provides an immediate response on most *SBAExpress* applications. SBA encourages the use of technology to expedite the loan process. To meet the needs of new and startup small businesses requiring smaller loan products, SBA is offering certain incentives to lenders to increase the availability of smaller loans, especially loans of \$50,000 or less. At the same time, SBA has raised the maximum limit of an *SBAExpress* loan from \$150,000 to \$250,000, allowing more small business borrowers to take advantage of the program's expedited loan process.

New enhancements made to the *ExportExpress* loan program have simplified export financing opportunities for small businesses and attract more lenders to participate in the program. Recent changes to *ExportExpress* also include and increased maximum loan amount from \$150,000 to \$250,000, and interest rate incentives that encourage lenders to make smaller loans to more small businesses. The program opens up to lenders that previously did not participate with SBA but that have experience in small business lending and offers a streamlined application process.

## CDC Loan Production (As of Feb. 28, 2003)

CDC	\$ Amount	# of Loans
COFECC	4,086,000	7
Marketing Development Co.	1,137,000	4

## Top Lenders (As of Feb. 28, 2003)

Lender	\$ Amount	# of Loans
Banco Popular (Includes U.S.VI)	14,825,100	201
Banco Santander	5,516,600	49
Banco Bilbao Vizcaya Argentaria	2,225,700	20
Grow America Fund, Inc.	192,000	3
Scotiabank de Puerto Rico	255,000	2
RG Premier Bank of Puerto Rico	250,000	2
Firstbank VI	215,000	2
Business Loan Center	490,000	1
Eurobank	342,760	1
Economic Development Bank	322,000	1
Government Development Bank of VI	50,000	1

## SBA Launches New Web Site for Women

SBA Administrator Héctor V. Barreto and U.S. Secretary of Labor Elaine L. Chao recently announced the launch of [www.women-21.gov](http://www.women-21.gov), a new Web site to help women small business owners deal with the ever-changing business climate and identify federal government resources for women.

The new Web site, which resulted from Women Entrepreneurship in the 21<sup>st</sup> Century, features up-to-date information on key issues for women entrepreneurs, including: access to capital; healthcare for small businesses; government procurement and contracting opportunities; and, retirement security and technology.

## ***A Glimpse at Procurement***

What do a pencil, a light bulb, and a chair have in common?

I know what you're going to say. Nothing, right? Wrong! And, before you start thinking that I have lost touch with reality (ok, let's face it, I probably have), allow me to enlighten you for a moment.

A pencil, a light bulb, and a chair; one item with which to write, one to help you find your way out of darkness, and one on which to sit. By golly, you're absolutely right. At plain sight, they have nothing in common. But, as the old saying goes, looks can be deceiving. These unusual bedfellows are all products purchased by the Federal Government.

You may be asking yourself, how does one make a sale to the Federal Government?

In keeping with its mission of aiding, assisting, and protecting the interests of small business concerns, the U.S. Small Business Administration (SBA) provides a wide array of programs and services aimed at helping the small business community increase its economic advantage; among them, federal contracting opportunities.

Among the many programs tailored to reach larger segments of the small business community, the SBA has implemented the 8(a) Program. Its name derives from Section 8 of the Small Business Act, which the U.S. Congress amended in 1968 to support the SBA in helping small firms, owned and operated by socially and economically disadvantaged individuals, develop their businesses.

One of the major tools of the 8(a) Program is the awarding of federal contracts. The SBA acts as prime contractor and negotiates directly with other federal agencies and departments so that said contracts are awarded to 8(a) certified companies.

In addition to the 8(a) Program, the SBA has implemented the Small Disadvantaged Business Program, to provide equal contracting opportunities to small firms, including those that belong to and are controlled by socially and economically disadvantaged individuals. In brief, this program is a tool designed to help the federal government find companies capable of providing the services it needs while, at the same time, helping solve the traditional problem minority businesses have

encountered by being excluded from existing contracting opportunities.

Also, the SBA has created the HUBZone Empowerment Contracting Program, a national initiative targeted to stimulating economic development by means of federal contracts to small firms located in eligible areas. What is a HUBZone? A Historically Underutilized Business Zone or, in plain English, an area with low income and high unemployment rates. In Puerto Rico, there are currently 14 municipalities denominated HUBZones –Adjuntas, Arroyo, Ciales, Guánica, Guayama, Isabela, Lajas, Las Marías, Maricao, Maunabo, Patillas, Salinas, San Sebastián, and Santa Isabel.

Under HUBZone legislation, there is a stronger possibility of awarding federal contracts to small firms located in those communities. In order to qualify, the main office of a small firm must be located in a HUBZone and at least 35 percent of its employees must live in a qualified HUBZone. The firm must also be entirely owned and controlled by U.S. citizens.

The SBA not only has an ample variety of programs and services available to assist you, existing and budding entrepreneur. We also ensure that they be easily accessible to you, with programs such as PRO-Net®, the SBA's Procurement Marketing & Access Network, an online, interactive, electronic gateway of procurement information for and about small businesses. A virtual one-stop procurement shop for government contracting, PRO-Net® makes small business profiles and information available to contracting officers, as well as to private sector businesses.

During Fiscal year 2002, the SBA Puerto Rico and U.S. Virgin Islands District Office awarded 46 contracts and 25 contract modifications with a dollar value of \$19 million. Among the small firms receiving federal contracts there have been providers of janitorial, environmental and security services, manufacturers, landscaping companies, and general contractors, among many others.

I'll ask you again. What do a pencil, a light bulb, and a chair have in common? Opportunity. A world of opportunity.

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## **SBA Lifts Loan Cap**

The SBA has lifted a five month \$500,000 cap on SBA-backed loans and invites participating lenders to resume submitting applications for guaranteed loans up to the \$2 million statutory limit. **(Cont'd. on next page)**

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The decision was made possible by President Bush's signing last month of recently adopted legislation that allows the Agency to implement its revised econometric subsidy model, which more accurately forecasts the annual costs of the 7(a) loan program. The model will be applied retroactively to the beginning of the current fiscal year.

The econometric model, in combination with appropriation levels provided in the FY 2003 budget, will allow the Agency to approve more than \$9.4 billion in 7(a) loans during the current year.

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## SBA Warns Businesses of Callers

The U.S. Small Business Administration is cautioning small businesses across the country to be wary of telephone callers who imply that they are connected with the Agency and ask for privileged financial or personal data, and solicit fees for products or membership.

Businesses contacted by anyone claiming to represent a private entity identified as "SBA," or an entity with a name suggestive of the Small Business Administration, are asked to contact the U.S. Small Business Administration's Office of Inspector General, at 409 Third Street, S.W. – Seventh Floor, Washington D.C. 20416, or (202) 205-6586 (telephone), or (202) 205-7382 (fax), or [OIG@SBA.GOV](mailto:OIG@SBA.GOV) (e-mail).

In recent weeks, the agency has received a number of complaints from members of the public advising that representatives of a private entity identifying itself as "SBA," or "SBA Online," or "Small Business Advantage" have contacted their businesses seeking to interest them in purchasing certain commercial services allegedly offered by their organization, or in paying to become members of "SBA." In some instances, the callers have attempted to obtain specific financial or employee data relating to the contacted business, sometimes asking the business to confirm information the caller already has. In some cases, callers have requested specific personal data, such as social security number or mother's maiden name of the contacted individual.

The public should note that the U.S. Small Business Administration neither solicits membership fees nor contacts businesses to obtain sensitive information about small businesses or individuals unless it is part of a particular matter pending before the agency (such as a loan application).

Small businesses contacted by an individual claiming to be a representative of "SBA," or of an entity with a name suggestive of the U.S. Small Business Administration, should immediately ask whether that person is, in fact, employed by the U.S. Small Business Administration. A legitimate representative of the Small Business Administration will provide his or her name, confirm that he or she is employed by the agency, and provide a telephone number at the Small Business Administration which can be called with any questions. Any reluctance on the part of the individual to provide his or her name, the full identity of his or her employer, or a telephone number should be cause for suspicion.

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## New Study Confirms Small Businesses' Power as Innovators

America's technological innovators are found in small firms, and they are more productive than their larger counterparts. These findings are revealed in the study, "Small Serial Innovators: The Small Firm Contribution to Technical Change," recently released by the SBA's Office of Advocacy.

"This report shows how important small business is to innovation in America," said Thomas M. Sullivan, Chief Counsel for Advocacy. "It's clear that small innovative firms with multiple inventions and patents are vitally important in newer and science-intensive technologies. Their importance means that President Bush is right on target by focusing his economic growth package on small business. Other federal, state, and local policy makers should take this into consideration when they design tax and regulatory incentives for business growth," he concluded.

For more information and a copy of the report, visit the Office of Advocacy Web site at [www.sba.gov/advo](http://www.sba.gov/advo).

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